

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER RAPER
COMMISSION SECRETARY
COMMISSION STAFF**

**FROM: DON HOWELL
DEPUTY ATTORNEY GENERAL**

DATE: FEBRUARY 13, 2015

**SUBJECT: NEW CONTRACTS FOR THE ADMINISTRATOR OF THE USF AND
ITSAP PROGRAMS**

The current three-year contracts between the Commission and its Universal Service Fund (USF) and Idaho Telecommunications Service Assistance Program (ITSAP) Administrator, Alyson Anderson, are scheduled to expire on March 1, 2015. *Idaho Code* 62-610 authorizes the Commission to establish the USF and Section 62-610(2) directs that the USF surcharge be remitted to the fund administrator on a monthly basis. USF Rule 102 states that the Commission “shall contract with an administrator of the universal service fund.” IDAPA 31.46.01.102. *Idaho Code* § 62-610F(3) further requires that the Commission shall contract with a neutral third-party for administration of the fund. The purpose of the USF is to provide for the universal availability of local exchange service and long-distance service at reasonably comparable prices throughout the State of Idaho. *See Idaho Code* § 62-610(1).

Pursuant to *Idaho Code* § 56-901(2), ITSAP establishes the program within the Department of Health and Welfare, but authorizes the Commission to “contract with a neutral third party to collect the surcharge, distribute assistance revenues, and perform other tasks.” ITSAP provides eligible recipients with a reduction in the cost of telecommunications services for the purpose of promoting universal service within Idaho. *See Idaho Code* § 56-901(1).

THE PROPOSED CONTRACT

Under the current contracts, the Administrator is compensated at a rate of \$60 per hour. Staff recommends that new contracts maintain the same hourly rate. Staff recommends that the Administrator’s compensation not exceed a total amount of \$18,000 for the USF

contract, and \$9,000 for the ITSAP contract in any given year without the expressed written permission of the Commission.

Staff further recommends that all other contract terms remain the same. In particular, the current contracts provide that the USF and ITSAP funds must be audited by a neutral third-party at least once every three years or upon termination of the contracts. USF and ITSAP Contracts § 3. Both existing contracts provide that the contracts run for a period of three years, and may be renewed or extended. USF Contract § 6 and ITSAP Contract at § 6. Either party may terminate the contracts by giving 90 days notice. *Id.*

STAFF RECOMMENDATION

Staff believes that Ms. Anderson has admirably performed the duties as the USF and ITSAP Administrator. She has been the Administrator for these two programs since they were established by the Legislature. She has efficiently discharged her duties during her tenure. Consequently, Staff recommends that the Commission enter into new contracts for another three-year period to expire on March 1, 2018.

COMMISSION DECISION

Does the Commission wish to enter into new contracts with Ms. Anderson to be the USF and ITSAP Administrator, respectively?

Does the Commission wish to use the same terms or provisions as set out in the existing contracts? Any changes?

Don Howell

Don Howell
Deputy Attorney General

bls/M:USF_ITSAP Contract_dh_Decision Memo